

**NAVAJO COUNTY
PROCUREMENT POLICY
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NAVAJO COUNTY GOVERNMENT

TITLE: PROCUREMENT POLICIES		BOARD APPROVED: 11-06-89 BOARD APPROVED: 06-21-93 BOARD APPROVED: 12-09-02 BOARD APPROVED: 06-02-03
REVISED: 07-01-93 EFFECTIVE 07-01-01 EFFECTIVE 06-01-03 EFFECTIVE	FILENAME: Procurement 03	SECTION: FINANCE

PURPOSE AND SCOPE

These Procurement Policies apply to all purchases of equipment, materials, supplies and services by the County. There are different rules for

- (1) purchases exceeding \$35,000, except construction and professional services see paragraphs B.1 through B.4;
- (2) purchases of \$35,000 or less, except construction and professional services see paragraph B.5;
- (3) all construction, as well as construction-related professional services see paragraph B.7;
- (4) other (non-construction) professional services see paragraph B.8.

The Board of Supervisors, acting through the County Manager and the Purchasing Agent, is responsible for the implementation of these policies. All expenditures of County monies must be approved by the Board of Supervisors. Only the Board of Supervisors is authorized to enter into contracts on behalf of the County. Departments may not enter into any contract, or otherwise obligate the County for the payment of money, without prior Board approval.

References to the Purchasing Agent mean the Central Purchasing Administrator. References to Departments and Department Heads include appointed and elected officials and their department.

A. Statutory References.

- (1) A.R.S. § 11-254.01 - Purchasing Procedures
- (2) A.R.S. § 41-2535 - Competitive Bid Threshold
- (3) A.R.S. § 34-201 et. seq. - Construction-Related Procurement
- (4) A.R.S. § 41-2501(c) - Procurement Code - Note - Navajo County has adopted the Procurement Code only to the extent that statutes in Title 41 are specifically referred to in these Procurement Policies.

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B. Requirements of Purchasing Statutes

- (1) A.R.S. § 11-254.01 requires all purchases of supplies, materials, equipment and contractual services, except professional services, made by the County having an estimated cost in excess of \$35,000 per transaction to be based on sealed, competitive bids. Purchases may not be artificially split up to avoid the \$35,000 threshold.
- (2) The following are exceptions to this requirement:
 - a) Sole Source Purchasing (A.R.S. § 41-2536): a contract may be awarded for supplies, materials, equipment and contractual services, without competition if the Purchasing Agent or Department Head determines and documents in writing that there is only one source for the required material, service or construction item. The Purchasing Agent requires the submission of cost or pricing data in connection with an award under this section.
 - b) Sole source purchasing shall be avoided, except when no reasonable alternative exist. Written determination for the basis of a sole source purchase shall be attached to the contract and the purchase order. All written determinations must be attached to the backup and submitted for payment for proper audit documentation.
 - c) Emergencies (A.R.S. §41-2537): Competitive sealed bidding is not required if the Board of Supervisors determines by a two-thirds majority that there is a threat to the public health, welfare or safety or a situation requiring immediate action which makes competitive sealed bidding impracticable, unnecessary or contrary to the public interest. Emergency procurement's shall be made with such competition as the Board deems practicable under the circumstances. A written determination of the basis for the emergency and the selection of the particular contractor shall be attached to the contract.
- (3) Public Notice for Purchases More Than \$35,000
 - a) The invitation for bids and specifications will be issued in sufficient time before the purchase is made and in sufficient detail to permit free competition.
 - b) Notice of the invitation shall be published once a week for two (2) consecutive weeks in a newspaper of general circulation in the County.
 - c) Purchase of items through pre-bid State Contracts or through bids by other political subdivisions with whom Navajo County has a cooperative purchasing agreement, may be made without rebidding.

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- (4) Awarding of Bids
- a) Bids shall be opened publicly, at the time stated in the invitation for bids.
 - b) On the Board of Supervisors approval, the Purchasing Agent shall make awards, by giving written notice to the responsible bidder whose bid conforms to the invitation and whose bid is the most advantageous to the County concerning price, conformity to the specifications and other factors. The Board of Supervisors may reject all bids if rejection is in the public interest. All bids must include all applicable sales tax and will be deemed to have included such taxes whether itemized or not.
 - c) Cancellation of invitation for bids, (A.R.S. § 41-2539): an invitation for bids, or other solicitation may be canceled if it is in the best interest of the County. The reasons for the cancellation shall be made part of the contract file.
- (5) Purchases of \$35,000 Or Less, aggregate dollar amount per transaction, shall be made using the following procedures as recommended by the Auditor General:
- a) Purchases costing \$15,000 or more, but less than the \$35,000 - The Purchasing Agent or Department Head must obtain written price quotations from three (3) or more vendors. Published advertisements and catalogs may constitute written price quotes.
 - 1) If three (3) written quotations cannot be obtained, the Purchasing Agent or Department Head must document the vendors contacted, who did not offer price quotations, and the reasons why they did not.
 - 2) If a vendor is selected because of reasons other than the lowest price, such as quality of the product or work to be performed, the reasons must be fully documented.
 - 3) The invitation for price quotes must be issued in sufficient time before the purchase is made and in sufficient detail to permit free competition. Normally, ten (10) working days is sufficient time.
 - 4) All purchases for \$5,000 and up, excluding equipment maintenance contracts, shall be ordered by completing a Navajo County Purchasing Requisition.

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- b) Purchases of \$5,000 or more, but less than \$15,000 - The Purchasing Agent or Department Head must obtain oral price quotations from three (3) or more vendors. All oral price quotations received, must be recorded on the "Record Of Oral Quotations" form and attached to the original requisition copy.
 - 1) If three (3) quotations cannot be obtained, whether written or oral, the Purchasing Agent or Department Head must document the vendors contacted, who did not offer price quotations, and the reasons why they did not.
 - 2) If a vendor is selected because of reasons other than the lowest price, such as quality of the product or work to be performed, the reasons must be fully documented.
 - 3) The invitation for price quotes must be issued in sufficient time before the purchase is made and in sufficient detail to permit free competition. Normally, ten (10) working days is sufficient time.
 - 4) All purchases for \$5,000 and up, excluding equipment maintenance contracts, shall be ordered by completing a Navajo County Purchasing Requisition.
- c) Purchases of less than a \$5,000 - the Purchasing Agent or Department Head must use reasonable efforts to obtain the lowest and best price.
- d) Purchases for less than \$1,000 will be processed on a Cash Purchase Order (CPO) (Demand) form. (NO P.O. REQUIRED)

In 5.a, 5.b and 5.c. above all written and oral quotations must be attached to the requisitions prior to forwarding to the Purchasing Agent and/or finance for further processing.
- e) The provisions dealing with sole source purchasing and emergency purchasing found in paragraphs B.2.a and B.2.b. also apply to purchases of \$35,000 or less.
- (6) Unbudgeted equipment purchase limit requirements
 - a) Funds MUST be available within the department's operating budget.

PERSONNEL AND OTHER UNUSED CAPITAL DOLLARS SHALL NOT BE CONSIDERED FOR USE IN THIS POLICY.

 - 1) \$ -0- To \$499.99 may be approved by the Department Head.
 - 2) \$500 To \$4,999.99 may be approved by the County Manager.
 - 3) \$5,000 up must be approved by the Board of Supervisors.
 - 4) Departments with Budgets exceeding Five Million dollars may be approved by the Department Head for capital expenses up to \$999.99.

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Requirements of Purchasing Statutes - continued

- b) Equipment costing \$5,000 and up must be placed into the County's master General Fixed Asset list, inventory listing, reference Capital Assets Policy.
 - c) Equipment with a unit cost of \$1,000 to \$4,999.99 must be identified as equipment of the County and be tagged and kept on a supplementary list for control purposes, by completing an inventory data/request form #100.
- (7) Construction-Related Purchasing, A.R.S. § 34-101 et. Seq. & A.R.S. 41-1624.01(B)
 - a) Construction-related purchasing is governed solely by Title 34 of the Arizona Revised Statutes, A.R.S. § 34-101 et seq. This includes all construction, alteration or expansion of any public building or structure which requires the preparation of plans and specification. It does not include the routine maintenance of, or routine repairs to, public buildings or structures. The term "structure" is very broad – for example, roads are considered "structures".
 - b) Title 34 applies to the construction itself as well as to construction-related professional services (architects, engineers, landscape architects, geologists, assayers and land surveyors).
 - c) The requirements of Title 34 are extremely technical, and there are severe penalties for failure to comply with them. Consult the County Attorney's Office for guidance and to make sure you are looking at the most current version of the statutes.
 - d) In appropriate circumstances, the Board of Supervisors may contract with the Department of Corrections for the use of prison labor pursuant to A.R.S. § 41-1624.01-(B).
 - e) The provisions for sole source and emergency purchasing found in paragraphs B.2(a) and B.2(b) also apply to construction-related purchasing.
- (8) Purchasing Professional Services - (Except Construction-related professional services governed by paragraph 7.b.)
 - a) Professional services are those requiring specialized knowledge, skill and expertise. Typical examples are accounting, engineering and legal services. Other services may qualify as professional services. If in doubt, consult the County Attorney's Office. Professional services may be purchased by sealed bids or requests for proposals in the same manner as equipment or supplies. Alternatively the Purchasing Agent or Department Head may obtain approval from the Board of Supervisors to negotiate directly with a particular professional. A maximum dollar authority will be set by the Board at the time of this approval. If the professional services exceed the approved dollar limit, additional Board approval must be obtained. This section does not apply to construction-related professional services, which are governed solely by paragraph 7.b. and Title 34 of the Arizona Revised Statutes. The requirements of Title 34 are very specific and technical concerning the procurement of construction-related professional services. If in doubt, consult the County Attorney's Office before proceeding.

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- b) Professional services will be processed on an In-House Purchase Order, issued by Finance.
 - c) Persons or businesses engaged in providing the service or services required, shall submit written statements of qualifications and expressions of interest in providing such service or services to the Department Head. The professional shall execute a Professional Services Contract on the County's standard form or another form approved by the County Attorney's Office.
 - d) The Department will recommend to the Board of Supervisors the professional service provider to which a contract should be awarded after considering qualifications and making a determination that the compensation is fair and reasonable.
 - e) The written statements of qualifications and expressions of interest will be maintained with the contract file and a copy of same attached to the Purchase Order in Finance.
 - f) All professional service contracts shall be set up on an In-House Purchase Order for control purposes which will be issued by Finance.
- (9) Lease-purchases: A.R.S. §§ 11-251(46) and 11-651 to -653 allow the County to lease-purchase real property and equipment. A lease-purchase agreement is a lease whereby the County acquires title to the property or equipment at the end of the lease. A lease-purchase of real property may not exceed 15 years. A lease-purchase of equipment may be entered into for only one fiscal year at a time. The Board of Supervisors may continue it on a year-to-year basis and may cancel at any time. The County does not acquire title to the equipment until the full purchase price has been paid. Leases and lease-purchases do not require competitive sealed bidding, but the Purchasing Agent or Department Head should follow a competitive procedure which is appropriate in light of the circumstances and the nature and dollar amount of the lease or lease-purchase.
- (10) Information Technology and Communication Purchases - To insure compatibility and the maximum benefit to the county as a whole, all purchases of computer/communications equipment must be coordinated with the MIS Department and reviewed by the MIS Director. This policy includes the following items: software, computers/peripherals, communications devices (data/voice/video), operating systems, development environments and communications services.
- (11) Medications - Over the counter medications which include aspirin, non-aspirin, cold tablets, hay fever/sinus tablets, cough drops, throat lozenges, antacids, etc. can only be legally dispensed by a registered nurse working under a doctor's order. County departments, with the exception of the jail, are not allowed to purchase such medications.

NOTE: This does not include first aid supplies such as bandages, gauze, sterile pads, clean wipes, adhesive tapes, ointments, eye washes, etc. These items are to be ordered on a central stores requisition.

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- (12) Christmas, Appreciation and Thank You Cards - Christmas, appreciation and thank you cards are considered to be a personal type expense and cannot be purchased out of County funds, nor can they be composed on a County PC and copied on County copiers, without specific approval of the Board of Supervisors.
- (13) Personal Purchases - No one is authorized to purchase any item for personal use through the County. This includes purchases made through the use of a County open charge accounts and County credit cards. No purchases of a personal nature can be made using the Arizona State Purchasing Contract.
- a) For the purpose of identifying the person charging on credit or on County credit cards, individuals shall print his or her name and department number on ALL charge tickets at the time of the sale.
- (14) Blanket Purchase Orders
- a) Blanket purchase orders must be issued for supplies, fuel, utilities, repairs, food, building materials, etc., used by the department on a quarterly or yearly basis. These are set up at the beginning of every quarter or year, for that requested span of time, and completed when all documentation is received for that time frame. If blanket P.O.'s are issued by the Purchasing Agent for Central Stores, supplies, fuel or building materials, these must have previously been bid.
- NOTE: The Department Heads must review all the invoices being processed on blanket Purchase Orders, and initial a Cash Purchase Order (Demand) and date it received with the term (various,) dates, prior to forwarding to Finance for payment.
- b) Blanket Purchase Orders may only be exceeded by 10% of the purchase order amount. Misuse of this procedure may cause the loss of the authority to purchase through a blanket purchase order for the department in violation.
- (15) Exceeding Purchase Orders By More Than (10%) If a purchase order amount is exceeded by 10%, a complete written explanation must be made to the Administration/Finance explaining why the purchase order amount was exceeded. The written explanation will be maintained with the purchasing documents.

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- (16) Purchase Order Exemptions - The following purchases may be made without the use of Demand Purchase Orders but the submission of a Cash Purchase Order (Demand) or other appropriate document is still required before payment can be made:

- 1) Salaries and related costs
- 2) Jury and witness fees
- 3) Travel
- 4) Utilities and communications, (telephone, natural gas, electricity, etc.)
- 5) Postage
- 6) Uniform allowance
- 7) Medical expenses
- 8) Purchases less than \$1,000
- 9) Law Book subscriptions
- 10) Maintenance Contracts
 - (a) Equipment Maintenance Contracts
 - (b) Software Program Maintenance

- (17) Signature Exemption Requirements

- a) Signatures will NOT be required on the following charges and payments:
 - 1) Postage for Departments using the central postal service in Administration
 - 2) Fuel through the central key system
 - 3) All utilities, propane, natural gas, water, telephone

NOTE: All utilities will be mailed, by the vendor, directly into finance for processing.

C. Responsibilities

- (1) Department:

- a) Operates within its budget or obtains approval from the Board of Supervisors to exceed budgetary limitations.
- b) Purchases of all items' \$5,000 and up (excluding professional services) will be made by means of a Navajo County Purchasing Requisitions which are to be furnished by the Purchasing Agent. These will be completed, signed and forwarded to the Purchasing Agent for processing.
- c) Orders may be placed by the Departments by phone, fax, or the Internet, however, the departments will still be required to complete all the necessary paper work as required by policy.

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- d) If orders are being placed by the Departments, and delivered to the warehouse, the Departments are required to copy the order, which must reflect the Vendor name and the department placing the ordering, and forward the copy to the Purchasing Agent. This will be used by the Purchasing Agent to receive in all items with ease and deliver same, to the Departments.
 - e) Navajo County Purchasing Requisitions must be completed and submitted to the Purchasing Agent approximately 30 days prior, to allow enough time for ordering and receiving of requested items.
- (2) Purchasing Agent:
- a) Maintains a supplies inventory warehouse.
 - b) Provides departments with sufficient Central Stores Requisition forms to meet purchasing needs.
 - 1) Note: If the department is on line, they will be able to access the Central Stores Catalog on line through the Remote Requisition Module. When ordering on line, a Central Stores Requisition form is not needed.
 - c) Prepares, as needed, the computerized Purchase Orders from the Navajo County Purchasing Requisitions as required.
 - d) Orders may be placed by the Departments or the Purchasing Agent. These orders may be placed by phone, fax, Internet, or the order can be placed by mailing out the Vendor Retention Copy of the Purchase Order, to the vendor.
- Note: The vendors' retention copy is the order form, so if the order has already been placed it must contain the statement "CONFIRMATION ONLY, to avoid a double order.